



Mar. 08, 2007
Copyright © Las Vegas Review-Journal

Bill to establish mortgage commission kindles discussion

By [JOHN G. EDWARDS](#)
[REVIEW-JOURNAL](#)

A bill to establish a seven-member Mortgage Lending Commission stirred discussion Wednesday at a Senate Commerce and Labor Commission meeting.

Leo Davenport, a private lender with GFD Investments, said he wants the bill passed so mortgage brokers, mortgage bankers or escrow agents could appeal a disciplinary action set by the state's mortgage lending commissioner without going to the expense of filing a lawsuit in district court.

Davenport also wants the commission authorized to approve educational programs for mortgage lenders.

Senate Bill 160 would create a commission with two representatives of escrow companies, two mortgage brokers, two mortgage bankers and one member of the public.

James Sabalos, a former federal prosecutor who represents clients in mortgage lending cases, said Nevada's system is antiquated and probably unconstitutional.

"The problem with Nevada's current structure with one commissioner is that it's antiquated. It's from the Dark Ages," Sabalos said. "It's a regulatory dinosaur."

Sabalos said that the Mortgage Lending Division should have three commissioners overseeing the financial industry segment. The current system "creates a dictator," Sabalos said.

Shawn Spanier, chief operating officer of Safe Mortgage in Las Vegas, said the bill would eliminate the need for a mortgage broker or loan officer to go to the expense of filing a district court lawsuit to overturn a decision to suspend or revoke someone's license.

Spanier said a loan officer he knows was wrongly accused of improper actions and has paid \$80,000 to a lawyer over the past 18 months so she can continue working. Spanier said the cost of appealing decisions by the mortgage lending commissioner to district court would be too expensive.

Mortgage Lending Commissioner Scott Bice said he has evidence the loan officer committed fraud and that the defense attorney repeatedly has postponed chances to present a defense before an independent hearing officer who is not employed by Bice.

"I can assure you (that) as long as I've been with the commissioner I've never issued a decision that was unfounded," Bice said. "We don't bring charges unless we see irrefutable facts."

Spanier said "(Bice) has got the John Wayne attitude," "It's his way or the highway."

But Sabalos said the fault does not lie with Bice.

"The old system's that in place is not Scott Bice's fault or anybody else's fault," the lawyer said.

Sabalos said the mortgage lending division is not using independent hearing officers when it uses someone from the Department of Business and Industry, which includes the mortgage division.

Bice said he offered to settle the dispute with the loan officer by restricting her license, but the defense attorney rejected his proposal.

Bice said other mortgage brokers will agree that he has been fair in his dealings with them, even those he has reprimanded.

Under the bill, a broker or loan officer could appeal his decision to an independent hearing officer and then appeal again to the seven-member commission. If the commission found in the mortgage official's favor, Bice said he would be unable to appeal the matter to court.

Find this article at:

http://www.reviewjournal.com/lvrj_home/2007/Mar-08-Thu-2007/business/13025458.html

Check the box to include the list of links referenced in the article.

